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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/703,357	10/31/2000	Michelle Banaugh	WELL0011	3231

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EXAMINER	
KYLE, CHARLES R	
ART UNIT	PAPER NUMBER

3624

DATE MAILED: 11/08/2002

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary	Application N .	Applicant(s)
	09/703,357	BANAUGH ET AL.
	Examiner Charles R Kyle	Art Unit 3624

-- The MAILING DATE of this communication appears in the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) Responsive to communication(s) filed on 31 October 2000.
- 2a) This action is FINAL. 2b) This action is non-final.
- 3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) Claim(s) 1-64 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) Claim(s) _____ is/are allowed.
- 6) Claim(s) 1-64 is/are rejected.
- 7) Claim(s) _____ is/are objected to.
- 8) Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) The specification is objected to by the Examiner.
- 10) The drawing(s) filed on _____ is/are: a) accepted or b) objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- 11) The proposed drawing correction filed on _____ is: a) approved b) disapproved by the Examiner.
If approved, corrected drawings are required in reply to this Office action.
- 12) The oath or declaration is objected to by the Examiner.

Priority under 35 U.S.C. §§ 119 and 120

- 13) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) All b) Some * c) None of:
 1. Certified copies of the priority documents have been received.
 2. Certified copies of the priority documents have been received in Application No. _____.
 3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- * See the attached detailed Office action for a list of the certified copies not received.
- 14) Acknowledgment is made of a claim for domestic priority under 35 U.S.C. § 119(e) (to a provisional application).
a) The translation of the foreign language provisional application has been received.
- 15) Acknowledgment is made of a claim for domestic priority under 35 U.S.C. §§ 120 and/or 121.

Attachment(s)

- 1) Notice of References Cited (PTO-892)
 2) Notice of Draftsperson's Patent Drawing Review (PTO-948)
 3) Information Disclosure Statement(s) (PTO-1449) Paper No(s) 24.
- 4) Interview Summary (PTO-413) Paper No(s). _____.
 5) Notice of Informal Patent Application (PTO-152)
 6) Other: _____

DETAILED ACTION

Claim Rejections - 35 USC § 112

The following is a quotation of the first paragraph of 35 U.S.C. 112:

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same and shall set forth the best mode contemplated by the inventor of carrying out his invention.

Claims 4, 16, 17, 22, 30, 31, 34, 38, 50, 51, 56, 64, 65 and 68 are rejected under 35 U.S.C. 112, first paragraph, as containing subject matter which was not described in the specification in such a way as to enable one skilled in the art to which it pertains, or with which it is most nearly connected, to make and/or use the invention. Each claim recites a "proprietary" element. None of these "proprietary" elements are described in sufficient detail to allow one of ordinary skill in the art to make the invention. Only a "proprietary" message unit is even mentioned in the specification among these elements, and then in no detail.

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

Claims 34 and 68 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. The claims recite several instances of "and/or", which phrase makes the metes and bounds of the claims unclear. One of ordinary skill in the art would not be able to determine which elements would be necessary to make the invention set forth in the claims.

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claims 1-9, 11-13, 16-23, 25-43, 45-47, 50-57, 50-68 are rejected under 35 U.S.C. 103(a) as being unpatentable over *Kravitz* in view of *Gopinathan et al.*

Concerning Claim 35, *Kravitz* discloses the invention substantially as claimed including in an internet-based method for facilitating payments between parties, the steps of:

- a) electronically transferring funds (Col. 8, lines 21-34);
- b) authenticating parties (Col. 7, lines 9-30);
- c) handling exceptions (Col. 36, line 38 to Col. 38, line 11);
- d) reconciling funds (Col. 13, lines 12-26);
- e) interfacing with a web page (Col. 2, lines 6-14)
- f) approval of shipment of product (Col. 15, line 64 to Col. 16, line 8).

Although *Kravitz* discusses risk decision making for transactions at Col. 3, lines 42-51 and Col. 49, lines 27-35, it does not specifically disclose the details of indicating a clearance to make transactions based on risk assessment. *Gopinathan* generally discloses features as recited in the preambles of Applicants' claims in connection with detection of fraudulent transactions, like those of *Kravitz*. See at least Abstract , Background of the Invention and Summary of the Invention. *Gopinathan* specifically discloses remaining claim limitations of reporting suspicious

activity (Figure 4) and clearance to transact based on determined risk (Summary of the Invention; Figure 16; Col. 25, lines 44-62).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to have included the decision making solution disclosed by *Gopinathan* in the electronic payments invention of *Kravitz* because this would have reduced risk of loss to users of the combination. This is specifically set out by *Gopinathan* as a desirable goal at the Col. 1, lines 29-63 and set forth below:

In the following discussion, the term "credit card" will be used for illustrative purposes; however, the techniques and principles discussed herein apply to other types of customer accounts, such as charge cards, bank automated teller machine cards and telephone calling cards.

Credit card issuers conventionally attempt to limit fraud losses by immediately closing a customer's account upon receiving a report that the card has been lost or stolen. Typically, the customer's credit information is then transferred to a new account and a new card is issued. This procedure is only effective in limiting fraudulent use of lost or stolen cards after the loss or theft has been reported to the issuer.

In many cases, however, fraudulent use occurs without the knowledge of the cardholder, and therefore no report is made to the issuer. This may occur if the customer is unaware that the card has been lost or stolen, or if other techniques are employed to perpetrate the fraud, such as: use of counterfeit cards; merchant fraud; application fraud; or interception of credit cards in the mail. In all these situations, the fraudulent use may not be detected until (and unless) the cardholder notices an unfamiliar transaction on his or her next monthly statement and contests the corresponding charge. The concomitant delay in detection of fraud may result in significant losses. User fraud, in which the user claims that a valid transaction is invalid, is also possible.

Simply put, the risk-based approval process of *Gopinathan* would reduce losses to users of the electronic payments system disclosed by *Kravitz*. This benefit would make the combination obvious.

Limitations of Claims 36-43, 45-47, 50-52, 54-57, 59-62 and 64-68 are also disclosed by the prior art cited above.

As to Claims reciting a proprietary five second processing time, this is considered a design choice. The specification discloses no particular advantage, is used for a particular purpose or solves a stated problem as compared to prior art systems. One of ordinary skill in the art would reasonably expect similar performance and benefits arising from the use of 3 or 7 second periods, as an example.

With respect to Claims 1-9, 11-13, 16-18, 20-23, 30-34, they are the system form of Claims rejected above and are rejected in a like manner.

Claims 14, 15, 48 and 49 are rejected under 35 U.S.C. 103(a) as being unpatentable over *Kravitz and Gopinathan et al* in view of *Blazing A Trail in Point of Sale Transaction*.

With respect to Claims 14 and 48, *Kravitz and Gopinathan* disclose the invention substantially as claimed. See the discussions set forth above. They do not specifically disclose real-time debit of funds. *Blazing* discloses real-time electronic debits at Abstract. It would have been obvious to one of ordinary skill in the art at the time the invention was made to have used the electronic debit mechanism of *Blazing* in the combination of *Kravitz and Gopinathan* because this would have speeded payment, increased merchant confidence of payment, and reduced fraud losses as specifically disclosed by *Blazing*.

With respect to Claims 15 and 49, placing a hold on funds would be obvious because this would assure collection of funds from a payor.

Claims 10, 24, 44 and 58 are rejected under 35 U.S.C. 103(a) as being unpatentable over *Kravitz and Gopinathan et al* in view of *Hilts et al*.

Art Unit: 3624

With respect to Claims 10 and 44, *Kravitz* and *Gopinathan* disclose the invention substantially as claimed. See the discussions set forth above. They do not specifically disclose reversible transactions. *Hilts et al* disclose such a feature at Abstract and Background of the Invention. It would have been obvious to one of ordinary skill in the art at the time the invention was made to have provided for transaction reversal as disclosed in *Hilts* in the combination of *Kravitz* and *Gopinathan* because this would have allowed for restoration of the state prior to an exceptional or defective transaction so as to eliminate loss to a seller in a particular transaction.

With respect to Claims 24 and 58, see the discussions of Claims 44 and 35 above.

Conclusion

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Charles R Kyle whose telephone number is (703) 305-4458. The examiner can normally be reached on M-F 6:00-2:30.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Vincent Millin can be reached on (703) 308-1065. The fax phone number for the organization where this application or proceeding is assigned is (703) 746-5560.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the receptionist whose telephone number is (703) 308-1113.


crk

October 24, 2002

VINCENT MILLIN
SUPERVISORY PATENT EXAMINER
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